

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:

**TEXAS STANDARD OIL
COMPANY
DEBTOR**

§
§
§
§

**CASE NO. 08-34031-H4-7
(Chapter 7)**

**Trustee's Motion to Sell Property Free and Clear
of All Liens, Claims and Encumbrances
and Request for Approval of Auction Process**

This motion seeks an order that may adversely affect you. If you oppose the motion, you should immediately contact the moving party to resolve the dispute. If you and the moving party cannot agree, you must file a response and send a copy to the moving party. You must file and serve your response within 20 days of the date this was served on you. Your response must state why the motion should not be granted. If you do not file a timely response, the relief may be granted without further notice to you. If you oppose the motion and have not reached an agreement, you must attend the hearing. Unless the parties agree otherwise, the court may consider evidence at the hearing and may decide the motion at the hearing.

Represented parties should act through their attorney.

TO THE HONORABLE JEFF BOHM, UNITED STATES BANKRUPTCY JUDGE:

This Motion seeks approval for a sale of certain assets of this estate and seeks approval for an auction process. The auction will occur on the day of the hearing for this motion with an order of sale entered the same day.

Jurisdiction and Venue

1. This Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §1334(b). Venue is proper pursuant to 28 U.S.C. §§1408 & 1409. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(A) & (N).

Background

2. On June 26, 2008, Texas Standard Oil Company, (“Texas Standard” or “the Debtor”), filed a Voluntary Petition under Chapter 11 of Title 11 of the United States Code.
3. On April 2, 2009, this Court entered an Order converting the case to a case under Chapter 7.
4. Rodney Tow is the duly appointed Chapter 7 Trustee, and continues to act in that capacity.
5. Texas Standard is an oil and gas company which owns interests in several oil and gas wells primarily in Louisiana, both on and offshore.
6. The Trustee contacted a Mr. Tom Engelhart, an individual who specializes in evaluating and selling oil and gas interests to determine the approximate value of the Estate’s interest in the High Island Block a-96; Federal Waters Offshore, Texas, (“the A-96 well”).
7. On July 22, 2009, the Trustee received a written offer from Grimes Energy Company to purchase the estate’s interest in the A-96 well for \$10,000.00. A copy of that offer is attached hereto as Exhibit “A”.
8. According to the Debtor’s Schedules, there are no secured creditors with a lien on the Debtor’s assets, including the A-96 well.
9. The Chapter 7 has been noticed as an asset case and the deadline to file claims was July 27, 2009.
10. It is likely this sale will provide funds to the estate which will be used to pay administrative expenses only. The reason the case was converted from a Chapter 11 to

a Chapter 7 was due to the excessive administrative expenses in connection with the oil and gas interests.

11. The tax consequences to the estate cannot be determined until a final bid is accepted but it is unlikely that this sale will result in any income tax liability.

The Offers Received by the Trustee

12. The Trustee has only received a bid from Grimes Energy Company to date but anticipates additional bids.
13. The Trustee intends to auction only the Debtor's legal and equitable title interest in the A-96 well at this time.
14. The A-96 well will be sold free and clear of all liens, claims, interests and encumbrances, pursuant to 11 U.S.C. §363(f).
15. Each bidder shall pay \$2,500.00 as earnest money.

An Auction is Anticipated.

16. The Trustee expects at least two competitive offers to be made for this property and expects that the auction may have several bidders.
17. ***The Trustee reserves the right to alter the terms of the sale and/or the auction until the order approving the auction has been signed. If you want to know about any changes you MUST attend the hearing to approve the auction process. These changes may be made with no additional notice of the change. If you are concerned about the terms of the sale or auction, you must appear at the hearing set by the Court for the approval of the auction process. You will receive notice of that hearing.***
18. The conditions of the sale are summarized as follows:

- a. Unless agreed in writing by the Trustee, each bidder will be required to make a cash offer to purchase the A-96 well, bid for the same A-96 well, not any other oil and gas interest held by the Debtor, and the sale will be free and clear as allowed in 11 U.S.C. §363. The Trustee may require proof that the bidder(s) have the ability to pay the cash offer.
- b. The Trustee reserves the right to stop bidding for a break or to allow bidders to consult with their advisors or companies to determine a bid price. There is neither a limit on the number of times that the Trustee can stop bidding for these purposes nor is the Trustee required to stop bidding for these purposes.
- c. At closing, all funds will be paid to the Trustee pending distribution authorized by the Court.
- d. A bill of sale or any other necessary document.
- e. The successful bidder will purchase the entire Estate's interest, both legal and equitable, in the A-96 well.
- f. No commission will be paid by the estate.

Miscellaneous Provisions

- 19. The Trustee believes the sale is in the best interest of the estate because it is the fastest and easiest way to sell the A-96 well and will provide the estate with the best recovery considering the current condition of the A-96 well.
- 20. Information regarding the property can be obtained by contacting the Trustee, Rodney Tow, 26219 Oak Ridge Drive, The Woodlands, Texas 77380; (281)681-9100, rtow@towkoenig.com.

21. Objections and requests for hearing before the Bankruptcy Judge, if any, as to the above sale, shall be in writing and filed with the clerk of the Bankruptcy Court and served upon the Trustee. Any objections not timely filed and served may be deemed waived.
22. It is anticipated that other offers will be received. Therefore, the Trustee requests that an auction process be approved so that the assets can be sold on the same day of the hearing, at auction, if necessary.

The Auction Process

23. The Trustee requests that the Court approve the following auction process:
 - a. The property will be sold to the highest and best cash bidder as determined by the Trustee and approved by the Court.
 - b. That the Court recess the hearing on the motion to sell, authorize the Trustee to immediately conduct the auction, outside the courtroom, then reconvene the hearing for the purpose of completing and approving the sale to the highest bidder.
 - c. Bidders must deliver to the Trustee earnest money in the form of a cashier's check in the amount of \$2,500.00 prior to making their initial bid.
 - d. This property will be sold where is and as is with all faults. Each bidder will be deemed to accept the property in that condition.
 - e. Bidding will be in increments of \$1,000.00 or more. All bids will be calculated to account for net proceeds to the estate, i.e. bids will be adjusted to show net amount after commissions and other expenses as the Trustee deems necessary.
 - f. Bids may contain conditions acceptable to the Trustee.

- g. Bidders must advise the Trustee in writing that they accept the terms and conditions of the auction process as set out in this motion, any motion filed by the Trustee to approve the auction process, and any requirements established by the Bankruptcy Court.
- h. All bids will be binding until the Trustee has closed the sale of the Property. The Trustee will request the Court to prioritize the bids beginning with the highest and best bid and continuing down until each bid has been prioritized. The Trustee will request the Court to authorize him to close the sale with each bidder in the order of priority set out by the Court. In the event the highest and best bid fails to timely close, Trustee will be authorized to close the sale with other bidders in the order of the priority set out by the Court. Trustee will be authorized to extend the time for closing of any bid.
- i. Any bidder that fails to close within five days after being notified by the Trustee that its bid is accepted shall forfeit its earnest money.
- j. Any bidder whose bid is not accepted shall be entitled to a refund of its earnest money.
- k. Bidders may not withdraw bids after the bidding process has begun.
- l. The Trustee shall notify the Court and all other bidders if the highest and best bidder fails to close and that the next highest bid is accepted. The Closing Date shall be within five days from the date of filing the notification or as extended by the Trustee.

- m. All bids must be for cash and the Trustee reserves the right to require proof of the bidder's ability to pay.
24. The Trustee requests that the bidders be determined to be in good faith as that term is used in 11 U.S.C. §363(m) so bidders may close within ten days from the entry of the order approving the sale.

WHEREFORE, PREMISES CONSIDERED, Rodney Tow, Trustee, moves this Court to grant this Motion to Sell Property Free and Clear of All Liens, Claims and Encumbrances and Request for Approval of Auction Process, that the sale be free and clear of all liens, claims and encumbrances, and for such other and further relief that he may be justly entitled.

Respectfully submitted this 21th day of August, 2009.

TOW & KOENIG, PLLC.

By: /s/ Julie M. Koenig
Julie M. Koenig
SBA# 14217300
26219 Oak Ridge Drive
The Woodlands, Texas 77380
281/681-9100 (Telephone)
832/482-3979 (Telecopier)

Attorney for the Trustee

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served by Nicole Oakley, a legal assistant in my office, upon all of the parties on the attached service list via either ECF notification or by first class mail, proper postage affixed, on this the 21th day of August, 2009.

/s/ Julie M. Koenig
Julie M. Koenig

Label Matrix for local noticing
0541-4
Case 08-34031
Southern District of Texas
Houston
Thu Aug 20 10:20:21 CDT 2009

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Three Allen Center
333 Clay, 29th Floor
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100 Glenborough Drive
Suite 100
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4
United States Bankruptcy Court
PO Box 61010
Houston, TX 77208-1010

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Mariner Energy, Inc.
P.O. Box 4346
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PetroVal, Inc./Grimes Energy Company/Texas S
11 Greenway Plaza, Suite 2902
Houston, TX 77046-1105

Bradley L Delucka/Bridgid D Ash
Johnson Deluca Kennedy Kurisk
1221 Lamar Street Ste 1000
Houston, TX 77010-3050

Forest Oil Corporation
c/o Bradley L DeLuca
Johhson Deluca Kennedy Kurisk
1221 Lamar Street Ste 1000
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(p)INTERNAL REVENUE SERVICE
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Mariner Energy Resources, Inc .
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Johnson DeLuca Kennedy & Kurisk
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Houston, TX 77002-2604

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 Houston, TX 77010-1900

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

IRS, Special Procedures
 1919 Smith STOP 5024HOU
 Houston, TX 77002

(d)Internal Revenue Service
 Centralized Insolvency Operation
 PO Box 21126
 Philadelphia, PA 19114

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(u)Carson Rollins, LLC

(u)Coldren Resources, L.P.

(u)Forest Oil Corporation

(u)Tow & Koenig, PLLC

(u)mariner energy resources, inc.

End of Label Matrix
 Mailable recipients 37
 Bypassed recipients 5
 Total 42